

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD**  
(Company No. 1203702-U)  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2020**

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the unaudited interim financial statements for the period from 1 January 2020 to 31 March 2020 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and the BNM/RH/STD 032-5: Financial Reporting issued by Bank Negara Malaysia on 2 February 2018.

On behalf of

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**Feng Qi**

Chief Executive Officer

Date:

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	Current quarter ended		Year-to-date ended	
		31-Mar	31-Mar	31-Mar	31-Mar
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A6	56,335	44,320	56,335	44,320
Interest expense	A7	(35,848)	(27,934)	(35,848)	(27,934)
Net interest income		20,487	16,386	20,487	16,386
Other operating income	A8	(5,541)	4,600	(5,541)	4,600
Net income		14,946	20,986	14,946	20,986
Other operating expenses	A9	(13,715)	(13,347)	(13,715)	(13,347)
Operating profit before allowances		1,231	7,639	1,231	7,639
Reversal/(Allowances) for expected credit losses ("ECL")	A10	4,313	(507)	4,313	(507)
Profit before taxation		5,544	7,132	5,544	7,132
Taxation	B3	(1,596)	(1,874)	(1,596)	(1,874)
Net profit for the financial period		3,948	5,258	3,948	5,258
Other comprehensive income in respect of:					
(i) Items that will be reclassified subsequently to profit or loss:					
Unrealised net (loss)/gain on revaluation of FVOCI		1,450	1,915	1,450	1,915
(b) Net transfer to income statements on disposal of financial investments FVOCI		1,534	-	1,534	-
Income tax relating to components of other comprehensive income/(loss)		(1,470)	(402)	(1,470)	(402)
Other comprehensive (loss)/income, net of tax, for the financial period		1,514	1,513	1,514	1,513
Total comprehensive income for the financial period		5,462	6,771	5,462	6,771

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	As at 31-Mar 2020 <u>RM'000</u>	As at 31-Dec 2019 <u>RM'000</u>
<b>Bank</b>			
<b>ASSETS</b>			
Cash and short-term funds	A11	1,342,575	627,997
Deposits and placements with banks and other financial institutions	A12	478,430	263,027
Financial assets at FVOCI	A13	1,977,447	2,642,279
Loans and advances	A14	2,524,626	2,673,668
Other assets	A15	53,053	57,955
Derivative assets	B5	105,735	60,574
Deferred tax assets		6,586	8,181
Tax recoverable		84	-
Right-of-use assets		5,381	6,121
Property, plant and equipment	A18	8,564	9,338
Intangible assets		4,433	4,620
<b>TOTAL ASSETS</b>		<u>6,506,914</u>	<u>6,353,760</u>
<b>LIABILITIES</b>			
Deposits from customers	A16/B4	1,834,898	2,070,852
Deposits and placements of banks and other financial institutions		2,686,182	2,399,006
Other liabilities	A17	175,538	64,405
Derivative liabilities	B5	84,998	90,061
Tax payable		-	1,638
Lease liabilities		5,145	5,814
Subordinated loans	A19	863,540	820,764
Obligations on securities sold under repurchase agreements ("Repos")		-	50,069
<b>TOTAL LIABILITIES</b>		<u>5,650,301</u>	<u>5,502,609</u>
<b>EQUITY</b>			
Share capital		822,600	822,600
Reserves		34,013	28,551
<b>TOTAL EQUITY</b>		<u>856,613</u>	<u>851,151</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>6,506,914</u>	<u>6,353,760</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	A20	<u>11,299,885</u>	<u>9,129,875</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

Bank	Note	Share	Non-Distributable	FVOCI	Distributable	Total
		Capital	Regulatory	Reserves	(Accumulated losses)/	Equity
		RM'000	Reserves	Reserves	Retained profits	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2019</b>		<b>822,600</b>	-	<b>688</b>	<b>4,701</b>	<b>827,989</b>
Net profit for the financial year		-	-	-	16,421	16,421
Other comprehensive income, net of tax, for the financial year		-	-	6,741	-	6,741
Total comprehensive income for the financial year		-	-	6,741	16,421	23,162
<b>Balance as at 31 December 2019</b>		<b>822,600</b>	-	<b>7,429</b>	<b>21,122</b>	<b>851,151</b>
<b>Balance as at 1 January 2020</b>		<b>822,600</b>	-	<b>7,429</b>	<b>21,122</b>	<b>851,151</b>
Net profit for the financial period		-	-	-	3,948	3,948
Other comprehensive income, net of tax, for the financial period		-	-	1,514	-	1,514
Total comprehensive income for the financial period		-	-	1,514	3,948	5,462
<b>Balance as at 31 March 2020</b>		<b>822,600</b>	-	<b>8,943</b>	<b>25,070</b>	<b>856,613</b>

\* On date of incorporation, 2 subscribers' shares were issued for cash consideration of RM1 each

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<b>31-Mar 2020</b>	<b>31-Mar 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	5,544	7,132
Adjustments for:		
(Reversal)/Allowance for impairment on loans and other losses	(4,313)	507
Depreciation of property, plant and equipment:	913	849
Depreciation of right-of-use assets	740	738
Amortisation of intangible assets	188	168
Gain from sale of debt instruments at FVOCI	(1,534)	-
Interest expense on subordinated loan	6,998	-
Interest income from financial assets designated at fair value through other comprehensive income	(18,868)	(8,869)
Finance cost	61	92
Operating profit before working capital changes	(10,271)	617
 (Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(215,400)	(1,000)
Statutory deposits with Bank Negara Malaysia	-	(300)
Derivative Assets	(45,161)	(8,636)
Loans and advances	152,607	(107,220)
Other assets	4,902	(26,776)
	(103,052)	(143,932)
 Increase/(Decrease) in operating liabilities:		
Deposits from customers	(235,954)	54,834
Deposits and placements of banks and other financial institutions	287,176	129,499
Derivative Liabilities	(5,063)	21,588
Other liabilities	112,100	1,183
Subordinated loans	37,499	-
Obligations on securities sold under Repos	(50,069)	-
	145,689	207,104
 Cash used in operations	32,366	63,789
Net tax paid	(2,130)	(2,495)
Net cash used in from operating activities	30,236	61,294
<b>Cash flows from investing activities</b>		
Purchase of financial investments FVOCI	(1,680,513)	(514,299)
Proceeds from redemption and disposal of financial investments at FVOCI	2,342,746	100,000
Interest received from financial investments at FVOCI	24,697	10,401
Purchase of property, plant and equipment:	(139)	(91)
Purchase of intangible assets	(1)	-
Interest payment of subordinated loan	(1,721)	-
Net cash used in investing activities	685,069	(403,989)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(730)	(701)
Net cash generated from financing activities	(730)	(701)
 Net increase in cash and cash equivalents	714,575	(343,396)
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	628,008	758,795
- at the end of the financial period	1,342,583	415,399

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A1. Basis Of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, and 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB').

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since incorporation. The interim financial statements does not include notes of the type normally included in an annual financial report.

The adoption of the new standards, amendments to published standards and interpretations are not expected to have significant impact on the financial results of the Bank.

The preparation of unaudited interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**Changes in accounting policies**

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the unaudited interim financial statements. The amendments and interpretations are as below:

- *Amendments to IFRS 3 Definition of a Business*
- *Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform*
- *Amendments to IAS 1 and IAS 8 Definition of Material*
- *Conceptual Framework for Financial Reporting*

**A2. Seasonal Or Cyclical Factors**

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

**A3. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the period from 1 January 2020 to 31 March 2020.

**A4. Changes In Estimates**

There were no material changes in estimates that have a material effect for the period from 1 January 2020 to 31 March 2020.

**A5. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period from 1 January 2020 to 31 March 2020.

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A6. Interest Income**

	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	24,954	24,922	24,954	24,922
Deposits and placements with banks and other financial institutions	12,513	10,529	12,513	10,529
Financial assets designated at FVOCI	18,868	8,869	18,868	8,869
	<u>56,335</u>	<u>44,320</u>	<u>56,335</u>	<u>44,320</u>

**A7. Interest Expense**

<b>Bank</b>				
Deposits and placements of banks and other financial institutions	16,222	17,037	16,222	17,037
Deposits from customers	11,789	10,897	11,789	10,897
Subordinated loans	6,998	-	6,998	-
Derivative financial instruments	839	-	839	-
	<u>35,848</u>	<u>27,934</u>	<u>35,848</u>	<u>27,934</u>

**A8. Other Operating Income**

<b>Bank</b>				
<b>Fee income</b>				
Service charges and fees	233	120	233	120
Less: Fees expense	(36)	(24)	(36)	(24)
	197	96	197	96
Guarantee fees	35	6	35	6
Commitment fees	949	143	949	143
Syndication fees	3,703	518	3,703	518
Other fee income	1,000	1	1,000	1
	<u>5,884</u>	<u>764</u>	<u>5,884</u>	<u>764</u>
<b>Trading and investment income:</b>				
Net realised gain/(loss) on derivatives	80,884	9,386	80,884	9,386
Net unrealised fair value (loss)/gain on derivatives	50,224	(12,953)	50,224	(12,953)
Gain from sale of debt instruments at FVOCI	1,534	-	1,534	-
Less: Brokerage charges	(267)	(83)	(267)	(83)
	<u>132,375</u>	<u>(3,650)</u>	<u>132,375</u>	<u>(3,650)</u>



**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A8. Other Operating Income (continued)**

	Current quarter ended		Year-to-date ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
<b>Bank (continued)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other income:</b>				
Net foreign exchange gain/(loss)	(144,089)	7,362	(144,089)	7,362
Other non-operating income/(expenses)	289	124	289	124
	<u>(143,800)</u>	<u>7,486</u>	<u>(143,800)</u>	<u>7,486</u>
	<u>(5,541)</u>	<u>4,600</u>	<u>(5,541)</u>	<u>4,600</u>

**A9. Other Operating Expenses**

**Bank**

**Personnel costs**

- Salaries, allowances and bonuses	7,747	7,342	7,747	7,342
- Defined contribution plan	767	633	767	633
- Other staff related costs	1,321	709	1,321	709
	<u>9,835</u>	<u>8,684</u>	<u>9,835</u>	<u>8,684</u>

**Establishment costs**

Depreciation of property, plant and equipment:	913	849	913	849
Depreciation of right-of-use assets	740	738	740	738
Amortisation of intangible assets	188	168	188	168
Repair and maintenance	502	525	502	525
Others	55	78	55	78
	<u>2,398</u>	<u>2,358</u>	<u>2,398</u>	<u>2,358</u>

**Promotion and marketing expenses**

Advertisement and publicity	56	441	56	441
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**Administration and general expenses**

Communication expenses	360	281	360	281
Legal and professional fees	126	245	126	245
Travelling and accommodation expenses	169	332	169	332
Employee recruitment costs	213	338	213	338
Others	558	668	558	668
	<u>1,426</u>	<u>1,864</u>	<u>1,426</u>	<u>1,864</u>
	<u>13,715</u>	<u>13,347</u>	<u>13,715</u>	<u>13,347</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A10. (Reversal)/Allowance for Impairment on Loans and Other Losses**

<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2020</b>				
Cash and short-term funds	(5)	-	-	(5)
Deposits and placements with banks and other financial institutions	(1)	-	-	(1)
Financial assets at FVOCI	225	-	-	225
Loans and advances	(371)	(3,195)	-	(3,566)
Commitments and contingencies	428	(1,394)	-	(966)
	<u>276</u>	<u>(4,589)</u>	<u>-</u>	<u>(4,313)</u>
<b>31 March 2019</b>				
Cash and short-term funds	(186)	-	-	(186)
Financial assets at FVOCI	119	-	-	119
Loans and advances	703	-	-	703
Commitments and contingencies	(129)	-	-	(129)
	<u>507</u>	<u>-</u>	<u>-</u>	<u>507</u>
	<b>Current quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Reversal)/Allowances for expected credit losses ("ECL")	(4,313)	507	(4,313)	507
	<u>(4,313)</u>	<u>507</u>	<u>(4,313)</u>	<u>507</u>

**A11. Cash and short-term funds**

<b>Bank</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and balances with banks and other financial institutions	299,794	21,767
Money at call and deposit placements maturing within one month	1,042,789	606,241
	<u>1,342,583</u>	<u>628,008</u>
Less: ECL Allowance	(8)	(11)
	<u>1,342,575</u>	<u>627,997</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A11. Cash and short-term funds (continued)**

**Movement of allowance for credit loss on cash and short-term funds and deposit and placements with banks and other financial institutions**

<b>ECL Allowance</b>	<b>Stage 1</b> <b>RM'000</b>	<b>Stage 2</b> <b>RM'000</b>	<b>Stage 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Balance as at 1 January 2020	11	-	-	11
Financial assets derecognised during the financial year	(6)	-	-	(6)
New financial assets purchased	3	-	-	3
Balance as at 31 March 2020	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>
Balance as at 1 January 2019	251	-	-	251
Financial assets derecognised during the financial year	(853)	-	-	(853)
New financial assets purchased	613	-	-	613
Balance as at 31 December 2019	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>

**A12. Deposits and placements with banks and other financial institutions**

<b>Bank</b>	<b>As at</b> <b>31 March</b> <b>2020</b> <b>RM'000</b>	<b>As at</b> <b>31 December</b> <b>2019</b> <b>RM'000</b>
Licensed banks	478,430	263,030
Less: ECL allowances	-	(3)
	<b>478,430</b>	<b>263,027</b>

**Movement of allowance for credit loss on cash and short-term funds and deposit and placements with banks and other financial institutions**

<b>ECL Allowance</b>	<b>Stage 1</b> <b>RM'000</b>	<b>Stage 2</b> <b>RM'000</b>	<b>Stage 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Balance as at 1 January 2020	3	-	-	3
Financial assets derecognised during the financial year	(3)	-	-	(3)
Balance as at 31 March 2020	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balance as at 1 January 2019	-	-	-	-
Financial assets derecognised during the financial year	(674)	-	-	(674)
New financial assets purchased	677	-	-	677
Balance as at 31 December 2019	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A13. Financial assets at FVOCI**

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	196,039	71,192
Malaysian Government Investment Issues	730,806	753,206
Negotiable instruments of deposits	774,446	1,776,462
	<u>1,701,291</u>	<u>2,600,860</u>
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond	41,046	41,419
Cagamas debt securities	235,110	-
	<u>276,156</u>	<u>41,419</u>
	<u>1,977,447</u>	<u>2,642,279</u>

**Movement of allowance for credit loss to comprehensive income**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ECL Allowance</b>				
Balance as at 1 January 2020	559	-	-	559
New financial assets purchased	225	-	-	225
Balance as at 31 March 2020	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>
Balance as at 1 January 2019	251	-	-	251
Remeasurement of financial assets	308	-	-	308
Balance as at 31 December 2019	<u>559</u>	<u>-</u>	<u>-</u>	<u>559</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A14. Loans and Advances**

**(a) By type**

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	5,322	5,274
Term loans		
- Syndicated term loans	947,495	1,025,321
- Other term loans/financing	736,629	851,080
Trust receipts	16,294	-
Revolving credits/financing	837,398	814,070
Gross loans and advances	<u>2,543,138</u>	<u>2,695,745</u>
Allowances for expected credit losses		
- Stage 1	(15,293)	(15,663)
- Stage 2	(3,219)	(6,414)
Net loans and advances	<u><u>2,524,626</u></u>	<u><u>2,673,668</u></u>

**(b) By type of customer**

Business enterprises	2,484,584	2,639,280
Government and statutory bodies	58,554	56,465
	<u>2,543,138</u>	<u>2,695,745</u>

**(c) By geographical distribution**

Malaysia	1,547,383	1,579,303
Hong Kong	137,082	253,127
Philippines	112,740	107,153
United Arab Emirates	58,554	56,465
China	662,448	551,960
Indonesia	267	-
Singapore	24,664	147,737
	<u>2,543,138</u>	<u>2,695,745</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A14. Loans and Advances (continued)**

<b>Bank</b>	<b>As at 31 March 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>
<b>(d) By interest/profit rate sensitivity</b>		
Fixed rate loans	214,184	264,620
Variable rate (cost-plus) loans	2,328,954	2,431,125
	<u>2,543,138</u>	<u>2,695,745</u>
<b>(e) By purpose</b>		
Working capital	1,461,698	1,394,180
Merger and acquisition	85,363	81,158
Purchase of transport vehicle	-	122,810
Construction	230,639	221,179
Trade finance related	456,771	572,717
Other purposes	308,667	303,701
	<u>2,543,138</u>	<u>2,695,745</u>
<b>(f) By remaining contractual maturities</b>		
Maturity within one year	1,796,531	1,853,561
One year to three years	416,653	265,049
Three years to five years	89,425	232,623
Over five years	240,529	344,512
	<u>2,543,138</u>	<u>2,695,745</u>
<b>(g) By industry</b>		
Agriculture, forestry and fishing	107,696	102,336
Manufacturing	643,548	729,396
Construction	393,152	340,899
Real estate	101,668	101,377
Wholesale and retail trade	170,291	187,081
Financial and insurance/Takaful activities	527,973	544,621
Administrative and support service activities	239,579	351,328
Others	359,231	338,707
	<u>2,543,138</u>	<u>2,695,745</u>

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**A14. Loans and Advances (continued)**

**(h) Movement of allowance for credit loss**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Gross Carrying Amount</b>				
Balance as at 1 January 2020	2,631,380	64,365	-	2,695,745
Financial assets derecognised during the financial year	(1,022,515)	(23,557)	-	(1,046,072)
New financial assets originated	870,824	22,641	-	893,465
Balance as at 31 March 2020	<u>2,479,689</u>	<u>63,449</u>	<u>-</u>	<u>2,543,138</u>
Balance as at 1 January 2019	2,323,725	-	-	2,323,725
Financial assets derecognised during the financial year	(1,227,229)	-	-	(1,227,229)
New financial assets originated	1,599,249	-	-	1,599,249
Transferred to Stage 2	(64,365)	64,365	-	-
Balance as at 31 December 2019	<u>2,631,380</u>	<u>64,365</u>	<u>-</u>	<u>2,695,745</u>
<b>ECL Allowance</b>				
Balance as at 1 January 2020	15,663	6,414	-	22,077
Financial assets derecognised during the financial year	(5,895)	(3,195)	-	(9,090)
New financial assets originated	5,525	-	-	5,525
Balance as at 31 March 2020	<u>15,293</u>	<u>3,219</u>	<u>-</u>	<u>18,512</u>
Balance as at 1 January 2019	13,438	-	-	13,438
Financial assets derecognised during the financial year	(14,540)	-	-	(14,540)
New financial assets originated	17,698	-	-	17,698
Transferred to Stage 2	(933)	6,414	-	5,481
Balance as at 31 December 2019	<u>15,663</u>	<u>6,414</u>	<u>-</u>	<u>22,077</u>

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**A15. Other Assets**

	<b>As at 31 March 2020 RM'000</b>	<b>As at 31 December 2019 RM'000</b>
Other receivables	18,477	21,127
Deposits	817	817
Prepayments	1,649	1,748
Cash collateral pledged for derivative transactions	32,110	34,263
	<u>53,053</u>	<u>57,955</u>

**A16. Deposits from Customers**

**(a) By type of deposits**

**Bank**

Demand deposits	387,385	920,060
Fixed/investment deposits	1,447,513	1,150,792
	<u>1,834,898</u>	<u>2,070,852</u>

**(b) By type of customer**

**Bank**

Business enterprises	<u>1,834,898</u>	<u>2,070,852</u>
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**(c) By maturity structure of fixed/investment deposits**

**Bank**

Due within six months	1,434,512	1,140,245
Six months to one year	13,001	10,387
One year to three years	-	160
	<u>1,447,513</u>	<u>1,150,792</u>



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**A17. Other Liabilities**

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
Other payables and accruals	52,881	15,778
Deferred Income	15,788	19,326
Cash collateral pledged for derivative transactions	83,318	1,970
Cash collateral from corporate customers	21,953	24,766
ECL allowances for irrevocable loan commitments and financial guarantees	1,598	2,565
	<u>175,538</u>	<u>64,405</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Movement in loss allowance for contingencies and commitments</u></b>				
Balance as at 1 January 2020	470	2,095	-	2,565
Credit exposures relinquished	(64)	(1,394)	-	(1,458)
Credit exposures assumed	491	-	-	491
Balance as at 31 March 2020	<u>897</u>	<u>701</u>	<u>-</u>	<u>1,598</u>
Balance as at 1 January 2019	889	-	-	889
Credit exposures relinquished	(373)	-	-	(373)
Credit exposures assumed	85	-	-	85
Transferred to Stage 2	(131)	2,095	-	1,964
Balance as at 31 December 2019	<u>470</u>	<u>2,095</u>	<u>-</u>	<u>2,565</u>

**A18. Valuation of Property, Plant and Equipment**

The property, plant and equipment are stated at cost less accumulated depreciation on straight line method.

**A19. Subordinated Loans**

	<b>As at 31 March 2020</b>	<b>As at 31 December 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
At amortised cost		
USD200 million subordinated loan	<u>863,540</u>	<u>820,764</u>

On 29 August 2019, the Bank has issued USD 200 million Tier 2 Subordinated Loan with ten (10) years maturity, non-callable five (5) years.

The issuance of the subordinated loan was approved by BNM as Basel III compliant Tier 2 subordinated loan, and to be classified as Tier 2 capital of the Bank pursuant to BNM's Capital Adequacy Framework (Capital Component).

The interest on subordinate loan is payable every three (3) months throughout the tenor commencing 29 August 2019 on floating rate basis.

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**A20. Commitments and Contingencies**

<b>Bank</b>	<b>31 March 2020</b>		
	<b>Principal Amount</b>	<b>Credit</b>	<b>Risk Weighted</b>
	<b>RM'000</b>	<b>Equivalent</b>	<b>Assets</b>
		<b>Amount</b>	<b>RM'000</b>
		<b>RM'000</b>	
Short-term self-liquidating trade-related contingencies	24,270	4,854	4,854
Transaction-related contingent items	199,669	99,835	51,954
Irrevocable commitments to extend credit			
- Less than one year	8,966	1,400	1,400
- More than one year	720,414	62,822	62,822
Foreign exchange-related contracts:			
- Less than one year	5,481,127	63,969	19,173
- More than one year	3,402,389	184,533	87,870
Interest rate/profit related contracts:			
- Less than one year	600,000	300	60
- More than one year	863,050	21,492	8,087
	<u>11,299,885</u>	<u>439,205</u>	<u>236,220</u>

<b>Bank</b>	<b>31 December 2019</b>		
	<b>Principal Amount</b>	<b>Credit</b>	<b>Risk Weighted</b>
	<b>RM'000</b>	<b>Equivalent</b>	<b>Assets</b>
		<b>Amount</b>	<b>RM'000</b>
		<b>RM'000</b>	
Short-term self-liquidating trade-related contingencies	20,171	4,034	4,034
Transaction-related contingent items	193,324	96,662	49,768
Irrevocable commitments to extend credit			
- Less than one year	6,549	1,310	1,310
- More than one year	528,821	48,128	48,128
Foreign exchange-related contracts:			
- Less than one year	5,576,074	72,757	21,679
- More than one year	2,174,936	88,567	37,861
Interest rate related contracts: #			
- Less than one year	600,000	1,050	240
- More than one year	30,000	900	180
	<u>9,129,875</u>	<u>313,408</u>	<u>163,200</u>

**A21. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

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**A21. Capital Adequacy Ratio (continued)**

(a) The capital adequacy ratios of the Bank is as follow (continued):

	As at 31 March 2020 <u>RM'000</u>	As at 31 December 2019 <u>RM'000</u>
<b>Bank</b>		
<b>Common Equity Tier 1 ('CET 1')/Tier 1 Capital</b>		
Paid-up ordinary share capital	822,600	822,600
Retained profits	21,122	21,122
Other reserves	8,942	7,429
Regulatory adjustments applied in the calculation of CET1 Capital	(18,215)	(18,877)
Total CET1/Tier 1 Capital	<u>834,449</u>	<u>832,274</u>
<b>Tier II Capital</b>		
Tier II capital instruments meeting all relevant criteria	861,500	818,600
Loss provisions	20,902	25,215
Total Tier II Capital	<u>882,402</u>	<u>843,815</u>
<b>Total Capital</b>	<u>1,716,851</u>	<u>1,676,089</u>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	24.980%	24.306%
Tier 1 Capital Ratio	24.980%	24.306%
Total Capital Ratio	51.396%	48.950%

# Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

^ Excludes expected credit loss attributable to loans and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

(b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows;

Credit risk	3,138,373	3,261,554
Market risk	70,088	30,589
Operational risk	131,958	131,945
Total risk-weighted assets	<u>3,340,419</u>	<u>3,424,088</u>

The total risk-weighted assets of the Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

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**B1. Review of Bank's Results**

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets stood at MYR 6.5 billion with stable execution progress. The main assets components are loans (MYR 2.5 billion), interbank placement (MYR 1.8 billion) and debt securities (MYR 2.0 billion). Whilst total liabilities is MYR 5.7 billion mainly consists of MYR1.8 billion corporate deposit and interbank borrowing (MYR2.7 billion); as at end of March 2020.

As of the end of March 2020, CCBM recorded operating income of MYR 15.0 million, of which net interest income is MYR 20.5 million, and non interest loss MYR 5.5 million.

Based on the average of incremental assets quarter to quarter, the return on assets and return on equity are expected to gradually improve following the growth of the asset size of CCBM.

**B2. Prospects for Financial Year 2020**

**Outlook 2020**

Following the global epidemic outbreak of Coronavirus (COVID-19) since the beginning of year 2020, the drop in international crude oil prices and global financial market turmoil, year 2020 is expected to be a challenging year with anticipated slowdown trend. In line with the global monetary trend, the rate cutting policy is expected to cushion the national economy as well as to boost overall economic growth. With the recent announcement of the new economic stimulus package to bolster household income and improving Malaysian welfare, China Construction Bank (Malaysia) Berhad ("CCBM") aligned its business strategy in supporting the economic stimulus measures. CCBM will continue to leverage on CCB Group's regional strength, supporting local as well as international business growth and requirement, maintain partnership in bilateral trade between Malaysia and China. CCBM remains its position and continue to capture business opportunities in trade and investment across ASEAN.

**Rating by External Rating Agency**

Malaysian Rating Corporation Berhad ("MARC") has assigned long- and short-term Financial Institution's Rating of AA+ and MARC-1 to China Construction Bank (Malaysia) Berhad in April 2020, with stable outlook.

**B3. Taxation**

Bank	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Income tax	1,596	1,874	1,596	1,874
	<u>1,596</u>	<u>1,874</u>	<u>1,596</u>	<u>1,874</u>

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the financial period. The effective tax rate of the Bank for the three months ended 31 March 2020 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

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**B4. Deposits from Customers and Placements of Banks and Other Financial Institutions**

**(a) Deposits from customers and placements of banks and other financial institutions**

<b>Bank</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- One year or less	1,821,897	2,060,305
- More than one year	13,001	10,547
	<u>1,834,898</u>	<u>2,070,852</u>

**B5. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

**(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts**

<b>Bank</b>	<b>31 March 2020</b>		
	<b>Contract/</b>	<b>Fair Value</b>	
	<b>Notional</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>Amount</b>	<b>RM'000</b>	<b>RM'000</b>
<b>By type</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	8,883,516	104,739	80,040
Interest rate/profit related contracts:	1,463,050	996	4,958
Total	<u>10,346,566</u>	<u>105,735</u>	<u>84,998</u>
	<b>31 December 2019</b>		
<b>Contract/</b>	<b>Fair Value</b>		
<b>Notional</b>	<b>Assets</b>	<b>Liabilities</b>	
<b>Amount</b>	<b>RM'000</b>	<b>RM'000</b>	
<b>By type</b>	<b>RM'000</b>	<b>RM'000</b>	
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	7,751,010	60,359	
Interest rate/profit related contracts:	630,000	215	
Total	<u>8,381,010</u>	<u>60,574</u>	

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**B5. Derivative Financial Instruments (Continued)**

- (a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

	<b>31 March 2020</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>By remaining period to maturity/next re-pricing date</b>		
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	5,481,127	94,098	74,472
- More than 1 years	3,402,389	10,641	5,568
Interest rate/profit related contracts:			
- Less than 1 year	600,000	996	397
- More than one year	863,050	-	4,561
	<u>10,346,566</u>	<u>105,735</u>	<u>84,998</u>

	<b>31 December 2019</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>By remaining period to maturity/next re-pricing date</b>		
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	5,576,074	22,996	88,856
- More than 1 years	2,174,936	37,363	1,106
Interest rate/profit related contracts:			
- Less than one year	600,000	215	99
- More than one year	30,000	-	-
	<u>8,381,010</u>	<u>60,574</u>	<u>90,061</u>

**B6. Fair Value of Financial Instruments**

The Group and the Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

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**B6. Fair Value of Financial Instruments (continued)**

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

<b>Bank</b>	<u><b>Level 1</b></u>	<u><b>Level 2</b></u>	<u><b>Level 3</b></u>	<u><b>Total</b></u>
	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>	<u><b>RM'000</b></u>
<b>31 March 2020</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	1,977,447	-	1,977,447
- Debt Securities	-	1,977,447	-	1,977,447
Derivative assets	-	105,735	-	105,735
	-	<u>2,083,182</u>	-	<u>2,083,182</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	84,998	-	84,998
<b>31 December 2019</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	2,642,279	-	2,642,279
- Debt Securities	-	2,642,279	-	2,642,279
Derivative assets	-	60,574	-	60,574
	-	<u>2,702,853</u>	-	<u>2,702,853</u>
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	90,061	-	90,061

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**B6. Fair Value of Financial Instruments (Continued)**

(i) Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

**B7. Significant Events During the Financial Year**

There were no significant events that had occurred between 1 January 2020 to the date of this announcement.

**B8. Dividends**

(a) The Directors have not proposed for any dividend for the three months ended 31 March 2020.